



# Sales Policy

## 1. Aim and scope of policy

This policy outlines our approach to all applicants applying for our newbuild sales homes including shared ownership and private sale properties, resales and lease extensions.

## 2. Objectives of policy

- To ensure applicants are aware of how we will deal with applications for our newbuild properties, re-sales flexi tenure and lease extensions.
- To ensure applicants feel that we have treated them fairly and reasonably.
- Comply with charitable rules and obligations where applicable. • Ensure the sale of homes meets our financial and timescale requirements.

## 3. Policy statements

### Advertising

Our newbuild and resale homes will be advertised using a range of media to both potential new customers and existing residents. Newbuild shared ownership homes will be advertised from 25% - 75% shares to make sure they are accessible to a wide range of customers.

Where newbuild shared ownership homes have been built using grant from the government's 2021-26 affordable homes programme, customers can be offered a minimum share of 10% at initial purchase. As the sector is in transition with different funding and eligibility requirements, our advertising will make it very clear what is on offer for every development to ensure our customers and future purchasers know what to expect before they apply.

### Timescales

Once solicitors have issued the legal paperwork for a newbuild shared ownership sale, we expect the sale to proceed to exchange of contracts within a 28-day deadline.

### Refusals

We reserve the right to refuse applications where there are concerns on the applicant's ability to afford a new home or where there may be other reasons that would make home ownership unsustainable for the applicant. This will be determined by independent financial advisors as we are not allowed nor qualified to give credit advice.

### Compensation

The general principle is that no compensation will be given for handover delays (newbuild properties) or any associated costs with a delayed transaction, unless the Consumer Code requirements apply (private sales only). This approach will be communicated to all applicants at the start of a transaction to manage their expectations.

## **Shared Ownership and resale sales only**

### **Charity assessment**

Applicants will be assessed based on their housing need to ensure they are suitable charitable beneficiaries, and / or in accordance with the Homes England affordability parameters.

### **Financial assessment**

All applications will undergo an outline financial assessment by our sales staff and a rigorous assessment of income and expenditure by a 'panel' Financial Advisor. This is a 'means test' and will be undertaken using the Homes England affordability assessment calculator or similar methodology. Applicants will be required to purchase the maximum share they can afford to sustain.

### **Prioritisation of applicants**

Properties will be allocated in-line with the current priority groups as determined by Homes England where properties are grant funded, and / or according to the local authority priorities.

Customers will not be prioritised for a property solely based on date of application or enquiry, unless the property / scheme they are applying for is grant funded.

### **Employees**

We'll ensure any properties sold to employees, or those to whom they are closely connected, will only take place in accordance with the Code of Conduct. This is contained within Standing Orders to ensure those persons receive no more favourable consideration than other applicants.

### **Leases**

We will use the Homes England model lease for all newbuild shared ownership sales. It is noted that we are in a transitional period in which we will be led by Homes England grant parameters to offer either a new model lease, or an old model lease.

### **Costs**

All customers will pay our solicitors for the following services:

- Grossment of lease (production of the final legal paperwork for signing)
- Local search (carried out by local authority & required for mortgage purposes)
- Mortgage approval fee (requirement for our solicitor to approve mortgage offers)
- Notice fees

These fees will be communicated by our solicitor to the customer's solicitor at the outset so the customer is fully aware of what is required. The fees will be paid via the customer's solicitor during the purchase.

On the day a customer completes their purchase they will be required to pay rent to the end of the calendar month and 1 months' rent in advance.

### **Costs - Newbuild shared ownership sales only**

To reserve an offer of a property a customer must pay a £250 reservation fee. This money will be deducted from the final completion monies on the day they complete their purchase. All rights reserved Sales Policy – October 2021 Page 3 of 4 Mortgage lenders may ask for a 5 - 20% deposit at point of exchange. We don't have access to deposits. Any deposit paid will be held by the customer's solicitor.

#### **Costs - Resale customers only**

Shared owners who wish to resell their home will be responsible for the valuation fee to assess the market value of their home.

Shared Owners will be responsible for the cost of the Leasehold/Management pack which is required for the benefit of the buyer.

If we find a shared ownership buyer for the home, a nomination fee will be payable to us. This will be outlined in the seller's lease.

#### **Resales**

Customers who wish to resell their home, in line with the conditions of their lease, will follow the existing procedure: We will advertise the property for 4 weeks on the Share to Buy website. If at the end of the 4 weeks we do not have a buyer, the shared owner can put the property on the open-market and sell via an estate agent at the 100% value. There may be exceptions to this if the property is to remain in affordable housing in perpetuity. This will be outlined in the lease.

#### **Staircasing**

Staircasing is the term used when a shared owner wants to buy a larger share of their home on top of their current ownership. Shared owners can increase their share in the property (staircase) as defined in the lease up to 100% in most cases. There can be exceptions in the lease where a shared owner may only staircase up to a maximum percentage, eg, up to 80% on rural exception properties.

#### **Private sales**

We will conduct private sales following the requirements of the Consumer Code.

#### **Lease extensions**

We will carry out lease extensions under the Leasehold Reform Housing and Urban Development Act 1993 or as a discretionary extension outside this Act by agreement between ourselves and the leaseholder.

#### **Buy backs**

We may agree to buy back part or all of a property originally sold on a shared ownership basis, at current market value. Customers do not have any right or entitlement to 'buy back'. Eligibility will be determined on a case-by-case basis and is subject to detailed affordability checks.

### **4. Statutory Requirements**

This policy is linked to, and fully compliant with, the Homes England Capital Funding Guide and current leasehold legislation.

### **5. Management and review**

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This policy will be managed by the Sales Director in line with financial regulations as determined by the Board.

The content will be reviewed annually, unless legislation or sector developments require otherwise, ensuring that it continues to be fit for purpose.

#### 6. Related documents

- Local Authority Prioritisation Form
- Consumer Code
- Guide to extending your lease

#### 7. Related documents

To find out more about shared ownership and buying a home through us, please click the following link:

[Why shared ownership? | Buy a home part-buy part-rent | VIVID](#)

Consultation requirements	Last Consultation Date	Date for next consultation
N/A	N/A	N/A
Equality Impact Assessment required?	Last EIA date completed	
N/A	N/A	

Author	Owner	Approval level e.g. Board	Date approved	Review date
Sales Director	Development Director	Executive Team	Oct - 23	Oct - 26